

ASSEMBLY BILL

No. 1823

Introduced by Assembly Member Torres

February 11, 2010

An act to amend Section 50784 of the Health and Safety Code, relating to mobilehomes.

LEGISLATIVE COUNSEL'S DIGEST

AB 1823, as introduced, Torres. Mobilehome Park Purchase Fund: park relocation costs.

Existing law authorizes the Department of Housing and Community Development to make loans from the Mobilehome Park Purchase Fund to mobilehome park residents or resident organizations to finance conversion of the parks to resident ownership. Existing law also authorizes these loans to be made to qualified nonprofit housing sponsors or local public entities. The fund is continuously appropriated to the department for the purpose of providing these loans and for related administrative costs. Existing law authorizes these funds to be used to finance the costs of relocating a mobilehome park to a more suitable site within the same jurisdiction upon a specified determination of the department.

This bill would instead specify that the funds may be used to finance the costs of relocating a park to a different site within the same jurisdiction.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 50784 of the Health and Safety Code is amended to read:

50784. (a) The department may make loans from the fund to (1) individual low-income residents of mobilehome parks that have converted to resident ownership, (2) resident organizations that have converted or plan to convert a mobilehome park to resident ownership, or (3) qualified nonprofit housing sponsors or local public entities that plan to acquire a mobilehome park, provided that no less than 30 percent of the spaces in the park are for occupancy by manufactured homes owned by low-income residents. The purpose of providing loans pursuant to this section is to reduce the monthly housing costs for low-income residents to an affordable level.

(b) (1) Any mobilehome park purchased by a local public entity with a loan pursuant to this section shall be transferred to a nonprofit housing sponsor or resident organization that has converted, or plans to convert, the park to resident ownership no later than three years from the date of loan closing, with all obligations under the loan assumed by the nonprofit organization or resident organization.

(2) If a local public entity has made a good faith effort, but has not been able, to transfer the park by the end of the three-year period, the entity may apply to the department for an additional three-year extension. Upon a determination by the department that the local public entity has made a good faith effort to transfer the park in accordance with paragraph (1), it shall have an additional three years from the expiration date of the first three-year period to consummate the transfer. The three-year extension shall only be granted once by the department for each loan to a local public entity.

(3) Where a local public entity fails to make a good faith effort to transfer the park within the first three-year period, as determined by the department, or fails to transfer the park by the expiration date of the extended three-year period, it shall repay the loan in full to the department.

(c) Loans provided pursuant to this section shall be for a term of no more than 30 years and shall bear interest at a rate of 3 percent per annum.

1 (d) The department may establish flexible repayment terms for
2 loans provided pursuant to this section if the terms are necessary
3 to reduce the monthly housing costs for low-income residents to
4 an affordable level, and do not represent an unacceptable risk to
5 the security of the fund. Flexible repayment terms may include,
6 but are not limited to, graduated payment schedules with negative
7 amortization.

8 (e) Loans provided to low-income residents pursuant to this
9 section shall be for the minimum amount necessary to reduce the
10 borrower's monthly housing costs to an affordable level. All of
11 the following shall apply to loans to finance individual interests
12 pursuant to this section:

13 (1) To the extent possible, loan amounts shall not exceed 50
14 percent of the acquisition costs of the individual interests in the
15 mobilehome parks. However, the loan amounts may be for up to
16 100 percent of the acquisition costs of the individual interests in
17 the mobilehome parks when approved by the department.

18 (2) The department may grant approval to exceed 50 percent of
19 the acquisition costs of the individual interests only where both of
20 the following are demonstrated:

21 (A) That the low-income resident has made an effort to secure
22 additional funding from other sources and these funds are not
23 available.

24 (B) That the low-income resident would be unable to purchase
25 an individual interest without a waiver of the 50 percent financing
26 limitation.

27 (3) The total indebtedness of the loan provided pursuant to this
28 section plus any senior debt upon individual interests may not
29 exceed 100 percent of the value of the collateral securing the loan,
30 plus the amount of costs incidentally, but directly, related to the
31 acquisition.

32 (f) Loans provided to resident organizations, qualified nonprofit
33 housing sponsors, or local public entities pursuant to this section
34 shall be for the minimum amount necessary to reduce the monthly
35 housing costs of low-income residents to an affordable level. All
36 of the following shall apply to loans made to resident organizations,
37 qualified nonprofit housing sponsors, or local public entities
38 pursuant to this section:

39 (1) To the extent possible, loan amounts shall not exceed 50
40 percent of the conversion costs attributable to the low-income

1 spaces. However, the loan amounts may be for up to 95 percent
2 of the conversion costs attributable to the low-income spaces when
3 approved by the department.

4 (2) The department may grant approval to exceed 50 percent of
5 the conversion costs attributable to low-income spaces only where
6 both of the following are demonstrated:

7 (A) That the applicant has made an effort to secure additional
8 funds from other sources and these funds are not available.

9 (B) That the project would not be feasible as determined by the
10 department without a waiver of the 50 percent financing limitation.

11 (3) The total secured debt in a superior position to the
12 department's loan plus the department's loan shall not exceed the
13 value of the collateral securing the loan plus the amount of costs
14 incidentally, but directly, related to the acquisition and, if
15 applicable, rehabilitation of the park.

16 (g) Funds provided pursuant to this section shall not be used to
17 (1) assist residents who are not of low income, (2) reduce monthly
18 housing costs for low-income residents to less than 30 percent of
19 their monthly income, or (3) facilitate the purchase of a park by a
20 qualified nonprofit corporation or local public entity from a public
21 entity that had acquired the park prior to the commitment of the
22 loan from the program.

23 (h) Subject to the restrictions of this subdivision, funds provided
24 pursuant to this section may be used to finance the costs of
25 relocating a mobilehome park to a ~~more suitable~~ *different* site
26 within the same jurisdiction if the department determines that the
27 cost of the relocation, including any and all relocation costs to the
28 affected households, is a more prudent expenditure of funds than
29 the costs of needed or repetitive repairs to the existing park. Funds
30 provided pursuant to this section shall not be used to relieve a park
31 owner of any responsibility for covering the costs of mitigating
32 the impacts of a park closure as may be provided for by local
33 ordinance or pursuant to Section 65863.7 or 66427.4 of the
34 Government Code.